

Message Text

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12

ACTION EUR-25

INFO OCT-01 ARA-16 IO-14 ISO-00 SWF-02 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01

CIEP-03 SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 DRC-01 AGR-20 L-03 PA-04 PRS-01 USIA-15 /173 W

----- 128993

R 260840Z JUL 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2502

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY KINGSTON

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 09491

E.O. 11652: XGDS-1

TAGS: ETRD, XA, EEC, UK

SUBJECT: EC-ACP NEGOTIATIONS - THE RECIPROCITY ISSUE

REF: A) EC BRUSSELS 5438; B) EC BRUSSELS 5569

1. MICHAEL BUTLER, ASSISTANT UNDER SECRETARY IN CHARGE OF EC MATTERS AT THE FCO, MADE A SPECIAL POINT OF CALLING US FOLLOWING THE JULY 22-23 EC COUNCIL TO DRAW OUR ATTENTION TO THE FACT THAT "REVERSE PREFERENCES ARE DEAD", AT LEAST AS FAR AS THE EC-ACP NEGOTIATIONS ARE CONCERNED. THE BRITISH CONSIDER THE STATEMENT ON RECIPROCITY THAT
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WAS ADOPTED BY THE COUNCIL (REFTELS) TO BE "ENTIRELY

SATISFACTORY."

2. BUTLER DOES NOT ANTICIPATE SERIOUS PROBLEMS IN GETTING THE COMMUNITY'S POSITION ON RECIPROCITY ACCEPTED IN GATT. HIS "PERSONAL" VIEW IS THAT THE LEGAL BASIS FOR GATT'S ACCEPTANCE OF THIS POSITION SHOULD BE PART IV OR THE UNCTAD III RESOLUTION, AND NOT REPEAT NOT ARTICLE XXIV OR XXV.

3. COMMENT: THE BRITISH JUSTIFIABLY TAKE A LARGE SHARE OF THE CREDIT FOR GETTING THIS POSITION ON RECIPROCITY ADOPTED BY THE COMMUNITY. ONE OF THEIR MAIN MOTIVATIONS FOR PUSHING FOR THIS KIND OF A POSITION WAS THEIR DESIRE TO ACCOMMODATE THE COMMONWEALTH LDCS WHO STRONGLY OPPOSE RECIPROCITY. ANOTHER IMPORTANT MOTIVE, HOWEVER, WAS THE UK'S DESIRE TO REMOVE, OR AT LEAST ATTENUATE THE LONG-STANDING DISPUTE BETWEEN THE US AND THE EC OVER REVERSE PREFERENCES. THE BRITISH TOOK US OBJECTIONS TO REVERSE PREFERENCES SERIOUSLY, AND THE LABOUR GOVERNMENT (AS BUTLER TOLD US) SEES THEIR REMOVAL FROM THE EC-ACP ARRANGEMENTS AS PART OF ITS OVERALL EFFORT TO IMPROVE RELATIONS BETWEEN BRITAIN AND THE UNITED STATES.

4. THE EMBASSY RECOMMENDS THAT THE DEPARTMENT CONVEY TO THE BRITISH, ON AN APPROPRIATE OCCASION, AND AT AN APPROPRIATELY HIGH LEVEL, U.S. RECOGNITION OF THEIR EFFORTS TO ELIMINATE REVERSE PREFERENCES AND APPRECIATION FOR WHAT THEY HAVE BEEN ABLE TO ACHIEVE THUS FAR.

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